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HEDGE FUND LIQUIDATIONS, LAUNCHES FALL SHARPLY AS GLOBAL RATES SPIKE

*Liquidations fall on rates, AI and geopolitical risks;
Goldman Sachs, UBS, Citco, SS&C lead service providers*

CHICAGO, (October 13, 2026) – Both new hedge fund launches and liquidations fell sharply through mid-year as investors positioned for powerful trends of sharply increased interest rates, growing tensions involving AI acceleration, and continued geopolitical risks impacting energy markets and global supply chains. The estimated number of new funds launched in 2Q26 fell to 100, a sharp decline from the 166 launches in 1Q26 and the FY 2025 launch total of 561, which was the highest annual total since 2021, according to the latest *HFR Market Microstructure Report*, released by HFR®, the established global leader in the indexation, analysis and research of the global hedge fund industry. Hedge fund liquidations also fell sharply in 2Q26, as an estimated 70 funds shut down in the quarter after an estimated 129 funds liquidated in 1Q26, which was the highest quarterly total since 2Q24. As previously reported by HFR, total hedge fund industry capital reached another record level through 2Q 2026, surging to an estimated \$5.63 trillion.

“Hedge fund liquidations and launches both fell sharply through mid-2026 in response to accelerating market volatility, which was driven by sharp increases in global interest rates, as well as other ongoing risks,” stated Kenneth J Heinz, President of HFR. “Trends in both launches and liquidations indicate a more challenging capital raising environment for new and emerging managers, as the propensity of investors to maintain or increase allocations to larger, more established managers persists, particularly to funds in the Macro strategy, which have generated strong performance through the surge in interest rates.”

Fund launches by strategy favored Equity Hedge (EH), as an estimated 40 new EH funds launched in 2Q26, while 27 new Macro funds launched during the quarter. On the liquidations side, both EH and Macro also led the way, as an estimated 31 EH funds and 20 Macro funds closed their doors in 2Q26.

The performance dispersion of the HFRI Fund Weighted Composite Index® (FWC) expanded in 2Q 2026 over the prior quarter, as the top decile of index constituents returned an average of +31.6 percent, while the bottom decile declined by an average of -8.7 percent, representing a top/bottom decile dispersion of 40.3 percent, compared to the top/bottom dispersion of 30.1 percent in 1Q 2026.

The average industry-wide management fee remained unchanged in 2Q26 from the prior quarter, at an estimated 1.32 percent, while the average industry-wide incentive fee ticked down slightly to an estimated 15.74 percent. For funds launched in 2Q26, both the average management fee and incentive fee increased slightly over the prior quarter, settling at an estimated 1.26 and 17.5 percent, respectively.

HFR estimates that Goldman Sachs and UBS led prime brokers by assets under management to end 2Q26, while SS&C GlobeOp, Citco Fund Services, IFS State Street, and Northern Trust remained the top hedge fund administrators.

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